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UNCLAS SINGAPORE 002536

SIPDIS

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TAGS: ECPS EFIN ETTC ECON EINV ETRD KTFN SN
SUBJECT: SINGAPORE TIGHTENS REGULATIONS FOR MONEY CHANGING AND REMITTANCE BUSINESSES

REFS: A) 04 SINGAPORE 3540 B) SINGAPORE 2155 C) SINGAPORE

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¶1. Singapore's parliament on August 15 approved changes to the Money-Changing and Remittance Business Act, last amended in 2002, designed to strengthen the government's ability to combat money laundering and terrorist finance-related activities in the money-changing and remittance sector. The revised law is expected to come into effect by the end of the year.

¶2. Under the new law:

-- Licensees must incorporate as companies with minimum paid-up capital of S$100,000 (US$60,000). Currently, many of Singapore's more than 100 licensees operate as sole proprietorships or family-run partnerships.

-- The maximum penalty for operating an unlicensed money-changing or remittance business will be increased from S$50,000 (US$30,000) to S$100,000 (US$60,000).

-- Inward remittances will be subject to anti-money laundering (AML) and countering the financing of terrorism (CFT) regulations as currently is the case for outward remittances.

-- Officers, managers and license holders will be held personally liable for losses incurred in cases where a court finds that they have engaged in fraudulent business activities.

-- The Monetary Authority of Singapore (MAS), which regulates the country's financial institutions, must approve the appointments of directors, partners and substantial shareholders.

-- MAS will publicly disclose any disciplinary actions taken against licensees.

¶3. As noted Ref A, alternative remittance systems are used primarily by Singapore's approximately 500,000 foreign guest workers. All remittance agents, formal or informal, must be licensed and are subject to the same type of laws and regulations as banks and other financial institutions, including requirements for record keeping and the filing of suspicious transaction reports. Firms must submit a financial statement every three months, and report the largest amount transmitted on a single day.

¶4. As part of its efforts to map out legal and regulatory changes to implement the Financial Action Task Force's (FATF) 40 AML Recommendations and Special 9 CFT Recommendations, Singapore plans to issue new and revised regulations for banks and other financial institutions by the end of this year, and for designated non-financial businesses and professions after that (Ref B). FATF is an intergovernmental body whose purpose is the development of international and national policies to combat money laundering and terrorist financing.

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